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HOUSE BILL 703

**47TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2006**

INTRODUCED BY

Roberto J. "Bobby" Gonzales

AN ACT

RELATING TO TAXATION; ENACTING A NEW SECTION OF THE INCOME TAX ACT TO PROVIDE A TAX CREDIT FOR PURCHASE AND INSTALLATION OF AN ALTERNATIVE ON-SITE LIQUID WASTE DISPOSAL SYSTEM.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. A new section of the Income Tax Act is enacted to read:

"[NEW MATERIAL] CREDIT FOR PURCHASE OF ALTERNATIVE ON-SITE LIQUID WASTE DISPOSAL SYSTEM.--

A. A taxpayer who files an individual New Mexico income tax return and who is not a dependent of another taxpayer may claim a credit not to exceed one thousand five hundred dollars (\$1,500) for costs incurred for purchase and installation of an eligible alternative on-site liquid waste disposal system installed on property owned and occupied by the

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1 taxpayer as the taxpayer's principal place of residence.

2 B. To be eligible for the credit, the alternative  
3 on-site liquid waste disposal system must comply with the  
4 liquid waste disposal and treatment regulations of the  
5 department of environment and must be installed by a qualifying  
6 contractor as determined by the department of environment.

7 C. To claim the credit provided by this section the  
8 taxpayer must furnish, in a form to be determined by the  
9 taxation and revenue department, certification from the  
10 department of environment that the taxpayer's alternative on-  
11 site liquid waste disposal system complies with department of  
12 environment regulations and was installed by a qualifying  
13 contractor.

14 D. A taxpayer may deduct the credit provided by  
15 this section from the taxpayer's income tax liability for the  
16 taxable year in which the cost was incurred. If the amount of  
17 the credit exceeds the taxpayer's income tax liability, the  
18 excess credit may be carried forward for up to three years.

19 E. A husband and wife who file separate returns for  
20 a taxable year in which they could have filed a joint return  
21 may each claim only one-half of the credit that would have been  
22 allowed on a joint return.

23 F. As used in this section, "alternative on-site  
24 liquid waste disposal system" means a secondary wastewater  
25 treatment system, designed to operate in conjunction with or in

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1 place of a conventional liquid waste disposal method or septic  
2 tank."

3 Section 2. APPLICABILITY.--The provisions of this act  
4 apply to taxable years beginning on or after January 1, 2007.

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